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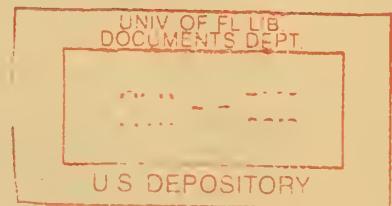
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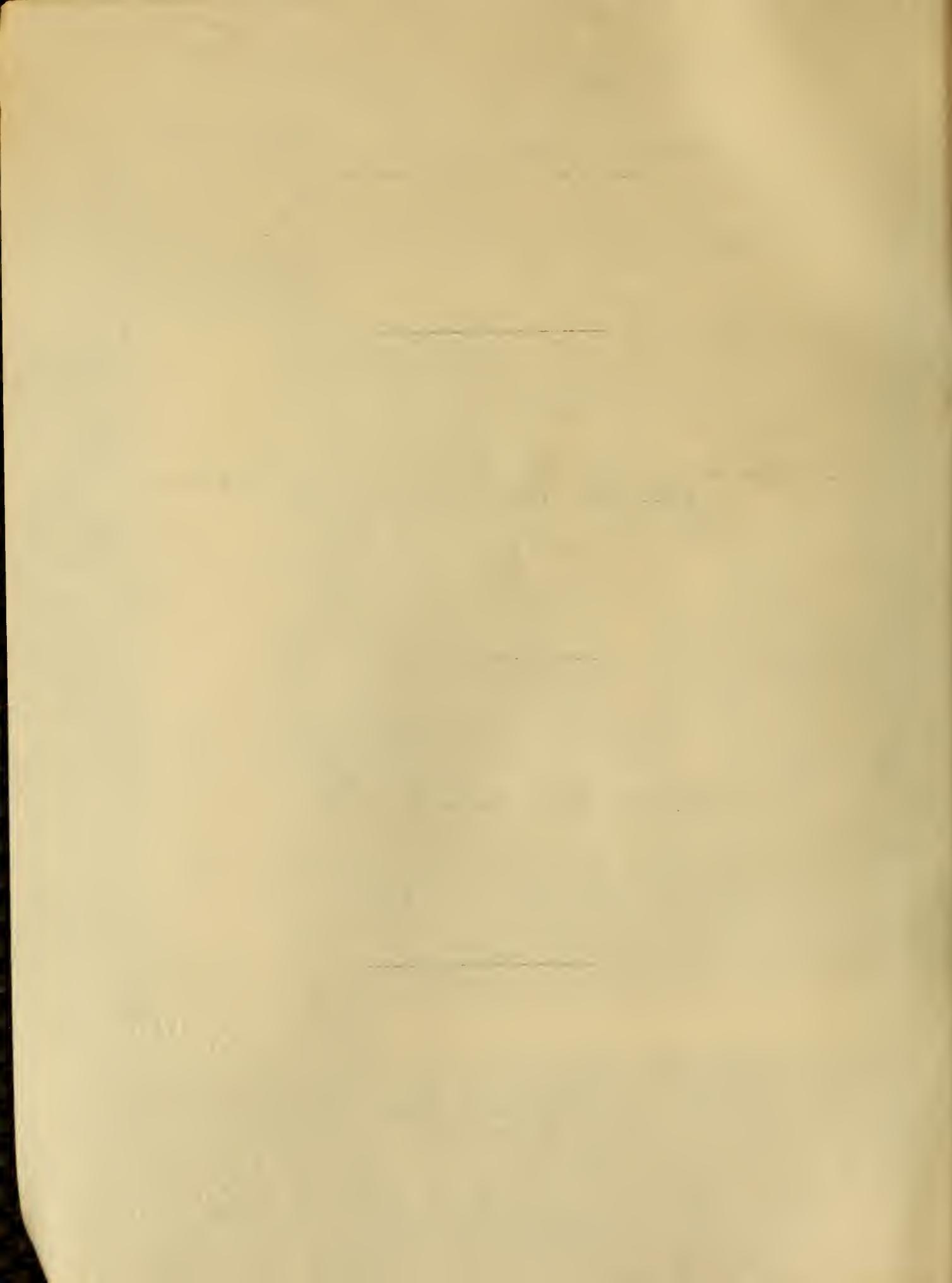
UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

**DOLLAR SALES, CAPITALIZATION AND EARNINGS OF LEADING
FOOD AND TOBACCO CORPORATIONS**

By A. C. Hoffman, Agricultural Economist

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Introduction

Large-scale corporations have become increasingly important in the processing and distribution of farm products during the last 20 years. This development is exemplified by the growth of the national chain-store systems, dairy corporations, baking companies, and similar-sized organizations in nearly all branches of the food and tobacco industries.

Basic to this development has been the application of new methods of processing, manufacturing, and distributing farm products. Some of these methods could be used to advantage only by large concerns. Other factors have been the improved means of transportation and communication which have made it possible to conduct business enterprise on a wider scale. As a result of this development, new marketing methods and new channels of distribution have grown up alongside of the old.

^{1/} The writer wishes to acknowledge his indebtedness to John F. McShea, principal fiscal accountant, Field Investigation Section, Agricultural Adjustment Administration, who assisted with the accounting phases of this study; and to Joseph F. Herrick, Jr. who did the computations.

American farmers have an interest in this subject for two reasons: first, they want the distributing mechanism for their products to be as efficient as possible; and, second, they realize that as the marketing system becomes concentrated into fewer hands there is an increasing need for public scrutiny and regulation in order to prevent unfair trade practices and monopolistic gains at the expense of farmers or the consuming public.

The first part of this report summarizes trends in the amounts of business done by leading food corporations and compares these amounts with the totals for their respective lines of industry. The second part deals with the earnings of these corporations.

The statistics of the corporations were compiled mainly from their consolidated balance sheets and income accounts as reported in Moody's Manual of Investments. For the years since 1934, the data were checked with the financial reports filed by the corporations with the Securities and Exchange Commission. The methods used in handling the data are explained later in the text and in the table footnotes.

It should be emphasized that the earnings ratios and profit margins shown in tables 10 and 11 cannot be used to indicate that profits in any particular industry are either reasonable or unreasonable at any given time. Moreover, comparisons of these ratios for different industry groups will not serve as an accurate measure of the relative rates of return on invested capital in such groups. The figures as to earnings shown in this report are mainly for the purpose of indicating relative changes in profitability from year to year, for which purpose they are thought to be reasonably satisfactory.

Dollar Sales of Leading Food Corporations

The annual dollar sales of 21 leading food corporations, by industry groups, for the period 1919 to 1936, are shown in figures 1 to 6. The industry groups include (1) grocery chains, (2) dairy companies, (3) meat packers, (4) flour millers, (5) fruit and vegetable canners, and (6) miscellaneous food corporations. There are other large companies in other branches of the food and tobacco industries, but their sales could not be shown because they do not report them in their financial statements.

Sales of the leading corporations in each of the above groups are compared with the total volume of business done by all handlers engaged in the same type of enterprise, as indicated by census figures. (See heavy line at top of charts.) These comparisons cannot be used in all cases to show the exact percentages of the total business done by the corporations, but they provide a good indication of the relative growth of such corporations during the last 15 years.

Grocery chains

Dollar sales of the five leading grocery chains for the period 1919-36 are given in figure 1. The chart also shows an estimate of the total sales of all grocery and combination (that is, groceries and meats) stores, based on the Census of Distribution. The scale of the chart is logarithmic so that the slope of the lines indicates the percentage change in dollar sales.

All of the five chains showed a tremendous growth in volume of business during the 1920's, most of them having increased it at least five-fold. But this rapid expansion was halted at least temporarily by the depression. Since that time the dollar sales of the grocery chains have fluctuated approximately in proportion to changes in food prices. In terms of physical volume of food products handled, their business has shown comparatively little growth since 1929.

The combined sales of these five chains amounted, in 1929, to about \$1,805,000,000, or almost 25 percent of the total business done in all grocery and combination stores,^{2/} as reported by the U. S. Census of Distribution. Their percentage in 1935 was approximately the same as that of 1929. The Great Atlantic & Pacific Tea Company, largest of the chains, showed sales in excess of \$1,000,000,000 in 1929, which was about 14 percent of the total business of all grocery and combination stores as reported for that year.

Dairy companies

In the dairy industry the two most important corporations are the National Dairy Products Corporation and The Borden Company. Both control extensive facilities for manufacturing dairy products and for distributing fluid milk. The National Dairy Products Corporation was incorporated in 1923 and rapidly acquired control of fluid milk facilities in most of the larger cities of the country. In 1930 it purchased the properties and assets of the Kraft Phenix Cheese Corporation, which gave it control of extensive facilities for the processing and distribution of cheese and related products. The Borden Company is about the same size as the National Dairy Products Corporation and engages in the same general type of business.

The sales of the four leading dairy corporations, as compared with an estimate of the total sales value of all dairy products, are shown in figure 2. The Borden Company more than trebled its sales from 1921 to 1929, while the National Dairy Products Corporation expanded its business from about \$20,000,000 in 1924 to almost \$375,000,000 in 1930. Two smaller dairy companies, the Beatrice Creamery Company and the Fairmont Creamery Company, have remained

^{2/} Does not include sales of fruit markets, delicatessen stores, meat shops, and miscellaneous food retailers.

largely in the field of butter manufacture and produce distribution. They are sizable companies and operate on a national basis, but they have not shown the growth of the first two companies.

A comparison of the sales of the four leading dairy companies with the estimated value of all dairy products is not entirely satisfactory because the dairy companies handle some things other than milk products. It is evident, however, that the proportion of the dairy products handled by such companies has increased greatly during the last 10 years. As of 1925, the combined sales of these four companies represented 15 percent of the estimated value of dairy products as given by census figures; in 1929, 35 percent; and in 1935, 39 percent.

Large-scale handling of dairy products is not confined to the above-mentioned dairy companies. The meat packers have for years been important factors in the distribution of butter and cheese. The two big packers (Swift and Armour) rank next to the National Dairy Products Corporation and The Borden Company in volume of milk products handled. Mention should also be made of the Carnation Company and the Pet Milk Company, the two largest manufacturers of condensed and evaporated milk. Next to them ranks the Whitelouse Milk Company, subsidiary of the Great Atlantic and Pacific Tea Company.

Meat packers

Meat packing is an industry which for many years has been largely centralized in the hands of a few large packing corporations. The last 15 years have therefore not witnessed the changes that have taken place in most of the other food industries. During and immediately following the World War there was some tendency toward decentralization in meat packing as small interior packers sprang up throughout the Corn Belt. More recently, however, the larger packers have acquired some of these interior plants, so that control is again tending slightly toward centralization, although slaughter still remains partially decentralized.

The sales of the four leading packers since 1919 are shown in figure 3. The position of these companies, both in relation to each other and to the industry as a whole, has not changed greatly in the last 15 years. Swift and Armour each did a business of around a billion dollars in 1929, as compared with 310 million dollars for Wilson and 268 million for Cudahy. The combined sales of Swift and Armour were 64 percent of the total value of packing house products in 1921, 55 percent in 1929, and 61 percent in 1935. The proportion of meat products handled by these two firms is not so large as the above percentage would indicate, for their dollar sales include many products other than meats.

Flour millers

Flour milling requires considerable capital and for years has been carried on by local firms of fair size. It was not until the

last 15 or 20 years, however, that these firms have been consolidated into organizations of national scope.

The largest corporation engaged in flour milling is General Mills, Incorporated. This corporation was formed in 1928 for the purpose of acquiring the business and properties of a number of existing companies which were sizable enterprises in themselves. Net sales of General Mills for the year 1936 were about 160 million dollars.

The next largest company is the Pillsbury Flour Mills Company, whose sales in 1936 were about 69 million dollars. Third in size is the Commander-Larabee Corporation, control of which passed to the Archer-Daniels-Midland Company in 1930.

The flour sales of these three companies amounted in 1935 to 29 percent of the total flour sales for the United States in that year.^{3/}

Fruit and vegetable canners

Although the bulk of the fruit and vegetable pack is still put up by small, independent canners, there has been a notable trend in the direction of large-scale organization in this industry since the World War. The two largest canning firms are the California Packing Corporation and Libby, McNeill and Libby. The former was incorporated in 1916 to consolidate the properties of several packing firms in California. Most of its canning operations are on the Pacific Coast, but it also has some plants in the Middle West. Libby, McNeill and Libby was at one time operated as a subsidiary of Swift and Company, but this relationship was ordered to be broken by the terms of the Packers' Consent Decree.

In addition to these two firms, there are a half-dozen or more companies with a volume of business roughly comparable to that of the Minnesota Valley Canning Company, whose sales are shown in figure 5 along with those of the California Packing Corporation and Libby, McNeill and Libby. Most of these canning corporations have been organized since the World War and represent a definite change in an industry formerly comprised almost entirely of small firms.

Miscellaneous food corporations

Two of the most ramified food companies are the General Foods Corporation and Standard Brands, Inc. During the 1920's these two companies acquired the plant facilities and the patent rights of a large number of food products. For the most part these products are made under special patented processes and are highly-advertised.

^{3/} Federal Trade Commission, Agricultural Income Inquiry, Vol. 2, Chapter IV, page 576. (Unpublished.)

The General Foods Corporation was incorporated in 1922 as the Postum Cereal Company, this name having been changed to the present title in 1929. The organization manufactures and sells more than a score of food products, some of which are well-known cereals, jello, chocolate products, cake flour, tapioca, and coffees. General Foods also controls patents for the quick-freezing of food products.

Standard Brands, Inc. is a slightly smaller organization of the same type as General Foods. Among its products are a nationally advertised coffee, baking powder, yeast, and other products.

Dollar sales of both these corporations increased tremendously during the 1920's as new products were added under their expansion program (fig. 6). At the outset of the depression this program was brought to a stop at least temporarily. There have been few important acquisitions by either of the companies since that time.

Capitalization

The total capitalization of 30 leading food and tobacco companies for the years 1921-36 is shown in table 7. The capitalization of each corporation represents the sum of its outstanding stock, surplus, surplus reserves, and long term debt, minus any intangible items such as patents and goodwill. The figures thus provide a rough measure of the total tangible investments of the various companies, except in so far as they may have changed their capitalization through a revaluation of their assets.

Some of the companies had investments in securities and fixed assets that were not used in connection with their principal business enterprises. In most cases these could not be separated satisfactorily on the basis of the published financial statements and were therefore not deducted from the capitalization as shown.

A change in the capitalization of a corporation may represent either or both of two things: (1) a change in investment due to the growth of the business; and (2) a revaluation of the assets (either up or down). Most of the increase in the capitalization of the various corporations prior to 1930 represents an increase in investment due to expansion of the business enterprise, although some of it may also have been due to a writing-up of their asset values. Wherever the amount of such appreciation was reflected in the published financial statements - and usually it was not - a deduction for it was made from the capitalization as described above.

The increase in capitalization prior to 1930 is shown in table 7 to have been most marked in the case of the grocery chains and the dairy companies. It will be recalled from the previous discussion (page 3) that it was in these fields of food distribution that some of the most striking large-scale developments occurred during the 1920's. Only the big meat packers, whose preeminent position in the industry

is of years standing, failed to show a substantial capital growth from 1921 to 1930.

Following 1930 the capitalization of many of the corporations showed a decrease. This decrease is due mainly to a scaling down of asset values rather than to a decrease in the actual size of the business enterprise.

Earnings

Table 8 gives the earnings of the same corporations whose capitalization was shown in table 7. These earnings usually represent gross sales, minus cost of sales, operating expenses, and depreciation. In other words, they are the amount of money available for interest on bonded debt, stock dividends, and federal income taxes. In some cases the income from the outside investments of the corporations was included and in others it was not, depending on the accounting practice followed in making up the financial statement. In all cases, however, the same measure of earnings for each company was used for the entire period, so that comparisons are valid as between different years.

In all eight of the food and tobacco groups shown in table 8, earnings of the corporations fell off sharply as a result of the depression, but have turned up again during the last several years. The drop was particularly marked in the case of the meat packers and vegetable canners, some of which showed an operating deficit because of the decline in prices of inventory stocks. Earnings of the tobacco companies held up through 1932, but dropped off nearly 50 percent in 1933. The grocery chains followed a somewhat different pattern from that of most other corporations in that their earnings declined steadily, but not precipitously, until 1936.

The combined earnings of all the corporations shown in table 8 ranged from as high as 349 million dollars in 1930 to as low as 222 million in 1933 and 220 million in 1935. In 1936, the last year for which figures are available, their earnings were approximately 262 million dollars.

For several industry groups (notably the chain stores, dairy companies and tobacco companies) the volume of earnings increased steadily in the years prior to 1930. This was due almost entirely to the growth of the companies involved rather than to an increasing rate of return on the invested capital.

Ratios of Earnings to Capitalization

The profitability of a corporate enterprise is measured by its rate of return on invested capital. It is not possible to ascertain from the balance sheets of most corporations exactly what their capital investment is. Total capitalization as described earlier will usually provide a close approximation to the amount of capital invested in the

business,^{4/} but in using this figure the previously-mentioned qualifications as to over-capitalization and revaluation of assets should be kept in mind.

Table 10 shows the ratios of earnings to capitalization for the 30 food and tobacco corporations. For reasons already pointed out the ratios shown in this table cannot be used to indicate that the profits of the corporations in any of the industry groups are reasonable or unreasonable at any given time. The significance of the ratios lies mainly in the changes that have taken place within each industry group from year to year.

For all the corporations taken together the ratio of earnings to capitalization varied from 15.20 percent in 1929 to as low as 9.48 percent in 1933. (Table 10.) Beginning with 1934, the ratio turned upward and stood in 1936 at 11.89 percent. These figures indicate that despite a substantial increase in earnings during the last three years, the profitability of these corporations is still somewhat below what it was in 1929 and 1930.

In the case of the grocery chains, the ratio of earnings to capitalization tended to decrease steadily during the whole period 1926-35, and in 1936 it was less than half what it had been 10 years earlier. Somewhat the same situation existed with other rapidly-growing corporations in other branches of the food industry. The meat packers and the canners were the only groups in which the ratio of earnings to capitalization had regained pre-depression levels by 1936.

Margins of Profit (Ratios of earnings to dollar sales)

The margins of profit for the leading grocery chains, dairy companies, and meat packers are shown in table 11. These margins were computed by dividing the earnings by the dollar sales of the companies in each of these groups. The percentages thus obtained are not to be confused with the rate of profit or invested capital. What they represent is the percentage of the corporations' sales (or gross income) retained for the payment of interest, dividends, and federal income taxes. Because of differences in the type of enterprise and

4/ The Federal Trade Commission, in its recent inquiry on agricultural income, has investigated the rate of return on invested capital for many of the corporations engaged in handling food and tobacco products. The rates of return as found by the Commission (table 9) compare very closely with the ratio of earnings to capitalization as shown in this report (table 10). Such differences as there are in the two sets of figures are to be accounted for mainly by differences in accounting practice, in accounting dates, and in the number of corporations included in each industry group.

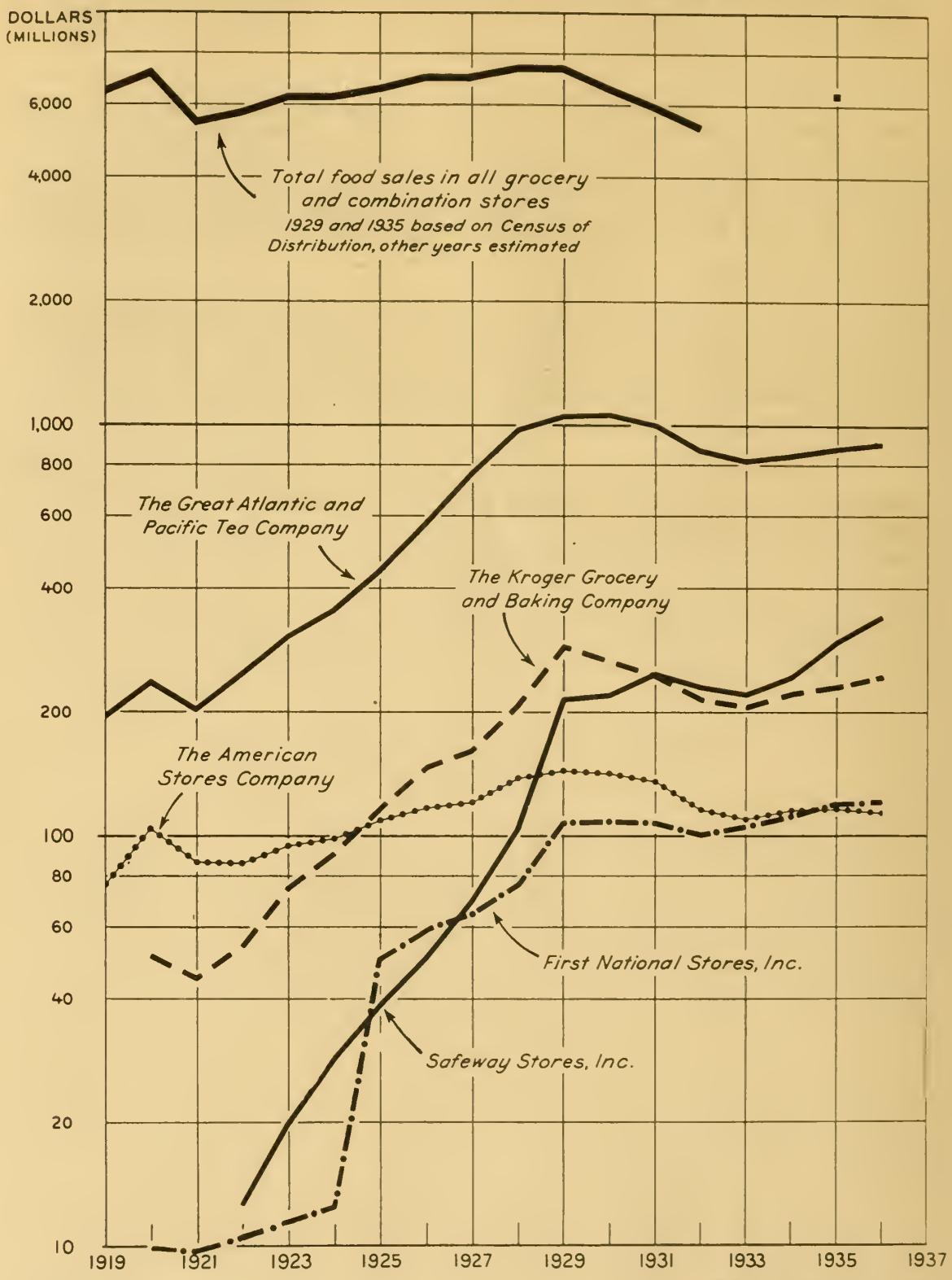
the volume of business done with a given capital investment, not much significance can be attached to a comparison of profit margins for the different industry groups. The margins are useful mainly as an indication of change from year to year.

For the grocery chains the margin of profit has trended downward almost continuously since 1926. This is true for each of the five chain systems as well as for the average of all of them. It indicates that the percentage of the consumer's dollar retained by the chains for interest and dividends is lower than it formerly was, although this does not necessarily mean that their rate of profit on invested capital is correspondingly lower.

In the case of the dairy companies, profit margins averaged from 6 to 7 percent prior to the depression, dropped as low as 3.21 percent in 1934, and were 4.4 percent in 1936. The meat packers, after showing an operating deficit in 1931, have since had profit margins as high or higher than in pre-depression years.

Profit margins for other food and tobacco groups could not be calculated because dollar sales were not reported in earlier years by many of the corporations.

SALES OF FIVE LEADING GROCERY CHAINS COMPARED WITH
ESTIMATED TOTAL SALES OF ALL GROCERY STORES



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Data from table 1.

FIGURE 1

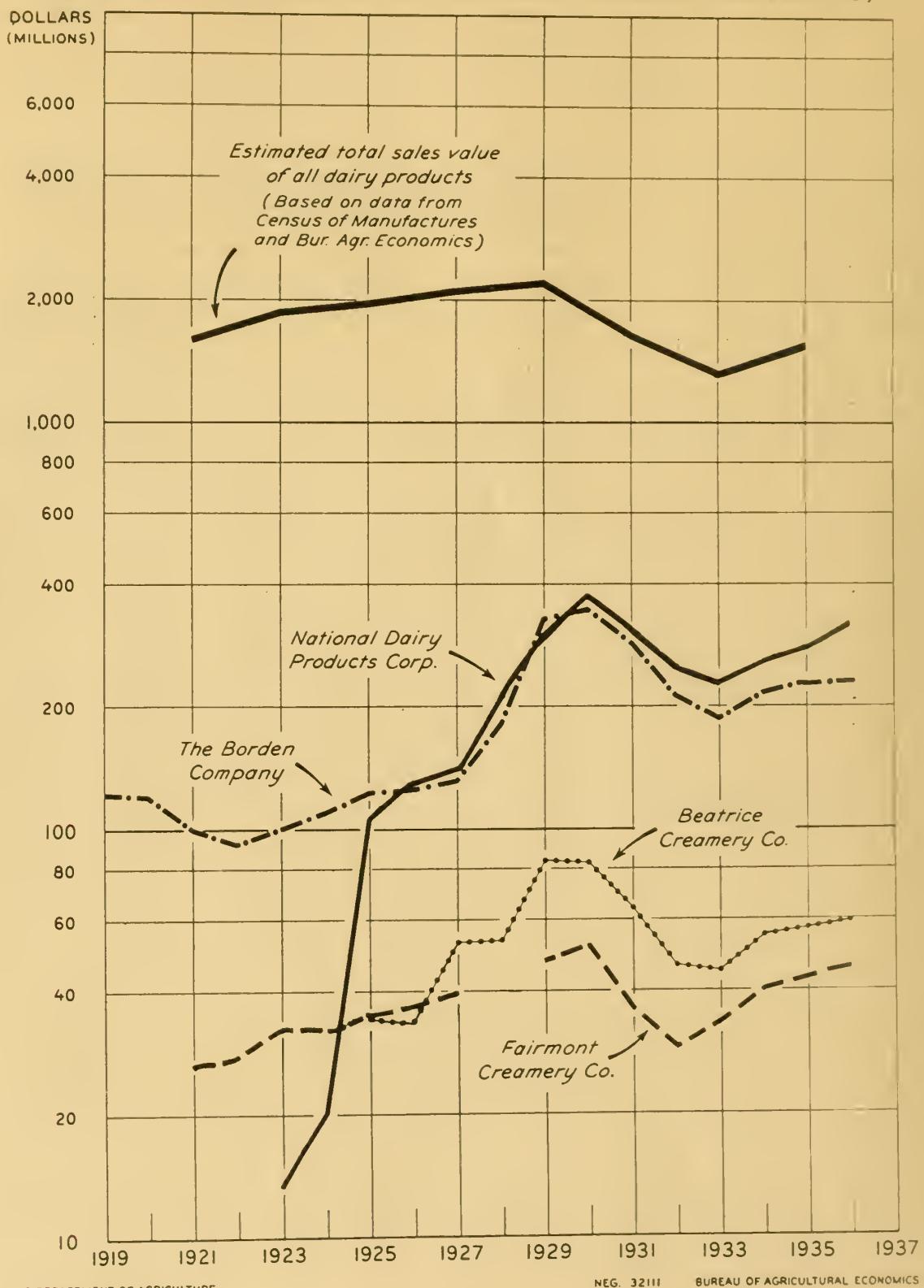
Table 1.- Sales of five leading grocery chains compared with estimated total food sales of all grocery and combination stores, 1919-36

Year	Estimated		Sales of - 2/			
	total	The Great	The Kroger	The	Safeway	First
	food sales	Atlantic	Grocery &	American	National	Stores
	all stores	& Pacific	Baking	Stores	Stores, Inc.	Stores, Inc.
	1/	Tea Co.	Co.	Co.	Inc.	Inc.
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>
1919	6,470,456	194,647		76,402		
1920	7,132,207	235,303	50,706	103,059		9,873
1921	5,441,065	202,434	44,351	86,068		9,625
1922	5,735,177	246,941	53,754	85,866	12,468	10,431
1923	6,249,372	302,338	74,339	94,580	19,947	11,477
1924	6,249,372	352,093	90,125	98,179	28,532	12,499
1925	6,543,984	440,023	116,235	108,886	38,692	43,977
1926	6,985,151	574,037	146,009	116,902	50,537	59,082
1927	6,985,151	761,403	161,261	120,365	69,574	64,446
1928	7,352,791	972,799	207,373	137,312	103,304	75,885
1929	7,352,791	1,053,693	286,611	143,346	213,496	107,635
1930	6,543,984	1,065,807	267,094	142,770	219,285	108,197
1931	5,055,761	1,008,325	244,371	135,226	246,784	107,634
1932	5,294,010	864,048	213,160	115,454	229,173	100,893
1933		819,617	205,692	100,387	220,157	105,813
1934		842,016	221,175	114,365	242,966	111,323
1935	6,352,420	872,244	229,908	115,867	294,698	119,575
1936		907,371	242,273	113,388	346,173	120,633
	1/					

1/ Total net sales of food in grocery and combination stores for the years 1929 and 1935 were compiled from the U. S. Census of Distribution for these years. For other years sales in such stores were estimated by means of an index number based on estimated consumers' expenditures for food. (Doane, Robt. R. The Measurement of American Wealth. Table XXIII.)

2/ Moody's Manual of Investments: Industrials. 1936 data for The Great Atlantic and Pacific Tea Co. and First National Stores, Inc., compiled from reports published in Commercial and Financial Chronicle.

SALES OF FOUR LEADING DAIRY COMPANIES COMPARED WITH
 ESTIMATED TOTAL SALES VALUE OF DAIRY PRODUCTS
 (SALES OF INDIVIDUAL COMPANIES INCLUDE SOME PRODUCTS THAT ARE NOT DAIRY PRODUCTS)



Data from table 2.

FIGURE 2

Table 2.- Sales of four leading dairy companies compared with estimated total sales value of dairy products, 1919-36

Year	Estimated		Sales of		
	total sales	National	Beatrice	The Porden	Fairmont
	value of	Dairy	Creamery	Company	Creamery
	all dairy products	Products	Company	Company	(Del.)
	1,000	1,000	1,000	1,000	1,000
	dollars	dollars	dollars	dollars	dollars
1919				122,284	
1920				120,294	
1921	1,605,345			99,830	26,399
1922				92,059	28,565
1923	1,863,333	13,562		100,245	33,521
1924		20,181		109,667	33,027
1925	1,063,933	105,377	35,051	123,353	35,674
1926		134,550	33,274	124,912	37,504
1927	2,105,292	145,330	52,744	132,047	39,323
1928		212,632	53,307	180,850	4/
1929	2,198,575	300,021	83,682	323,437	47,747
1930		374,558	82,311	345,423	5/ 51,536
1931	1,624,003	320,738	64,050	284,587	36,295
1932		252,654	46,264	212,349	29,031
1933	1,311,995	251,127	44,363	186,301	33,617
1934		267,415	54,383	215,724	40,371
1935	1,601,215	200,441	57,117	220,833	42,995
1936		322,172	59,667	238,845	46,005

1/ The value of fluid milk and cream sales in 1929 has been obtained from the 1930 Census of Distribution which shows sales by retail and wholesale distributors. For years other than 1929, sales have been estimated on the basis of the United States retail price of fluid milk as compiled by the Bureau of Labor Statistics and the estimated consumption of fluid milk and cream as reported by the Bureau of Agricultural Economics. These estimates of the value of fluid milk and cream sales are intended only to show the trend from year to year.

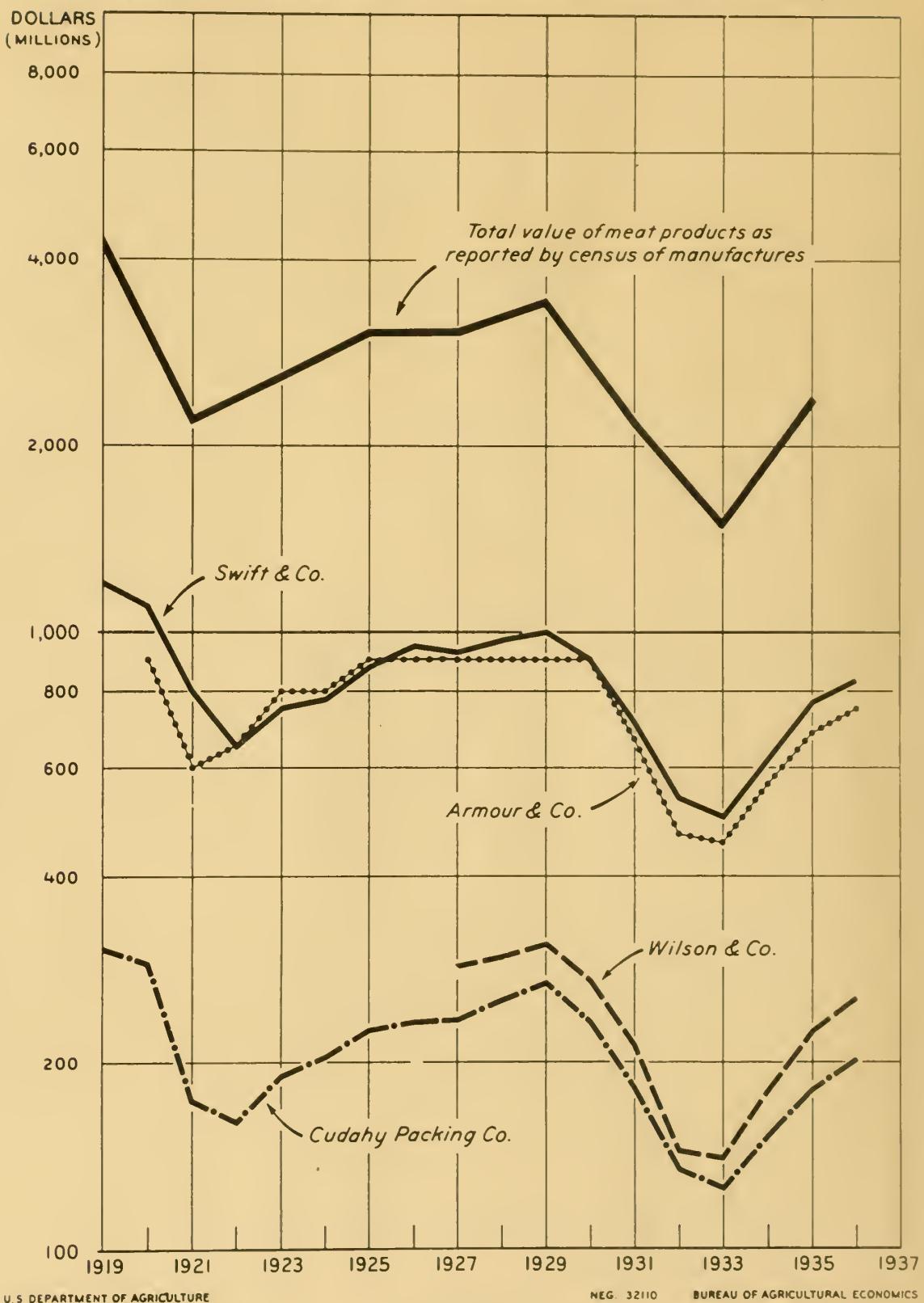
2/ Moody's Manual of Investments: Industrials.

3/ Before 1929 was known as Fairmont Creamery Co. (Nebraska.)

4/ Not available.

5/ Fourteen-month period.

SALES OF FOUR LEADING PACKERS COMPARED WITH
TOTAL VALUE OF MEAT PRODUCTS
(SALES OF MEAT PACKERS INCLUDE SOME PRODUCTS OTHER THAN MEATS)



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Data from table 3.

FIGURE 3

Table 3.- Sales of four leading meat packers compared with total value (to manufacturer) of meat and all by-products of meat packing, 1919-36 1/

Year	Total value :		Sales of - <u>3/</u> -			
	of meat	and meat	Swift	Wilson	Cudahy	Armour
	and meat products <u>2/</u>	Company	and Company	and Company	Packing Company	and Company
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>
1919	4,246,291	1,200,000		305,997		
1920		1,100,000		233,302	900,000	
1921	2,200,942	800,000		173,695	600,000	
1922		650,000		160,164	651,146	
1923	2,585,804	750,000		190,290	800,000	
1924		775,000		203,756	800,000	
1925	3,050,286	875,000		224,491	900,000	
1926		950,000	4/ 195,000	231,727	5/ 900,000	
1927	3,057,216	925,000	285,000	233,325	900,000	
1928		970,000	295,000	251,156	900,000	
1929	3,434,654	1,000,000	310,000	267,960	900,000	
1930		900,000	270,000	231,407	900,000	
1931	2,180,823	710,000	212,136	181,482	668,000	
1932		539,000	145,400	133,314	468,000	
1933	1,490,035	500,000	141,093	124,278	452,000	
1934		619,000	179,821	151,391	564,000	
1935	2,362,369	767,227	223,013	180,213	683,000	
1936		831,672	253,226	201,606	748,935	

1/ Sales of meat packers include other products than meat and meat products, and are therefore not strictly comparable with the figures shown in column 1.

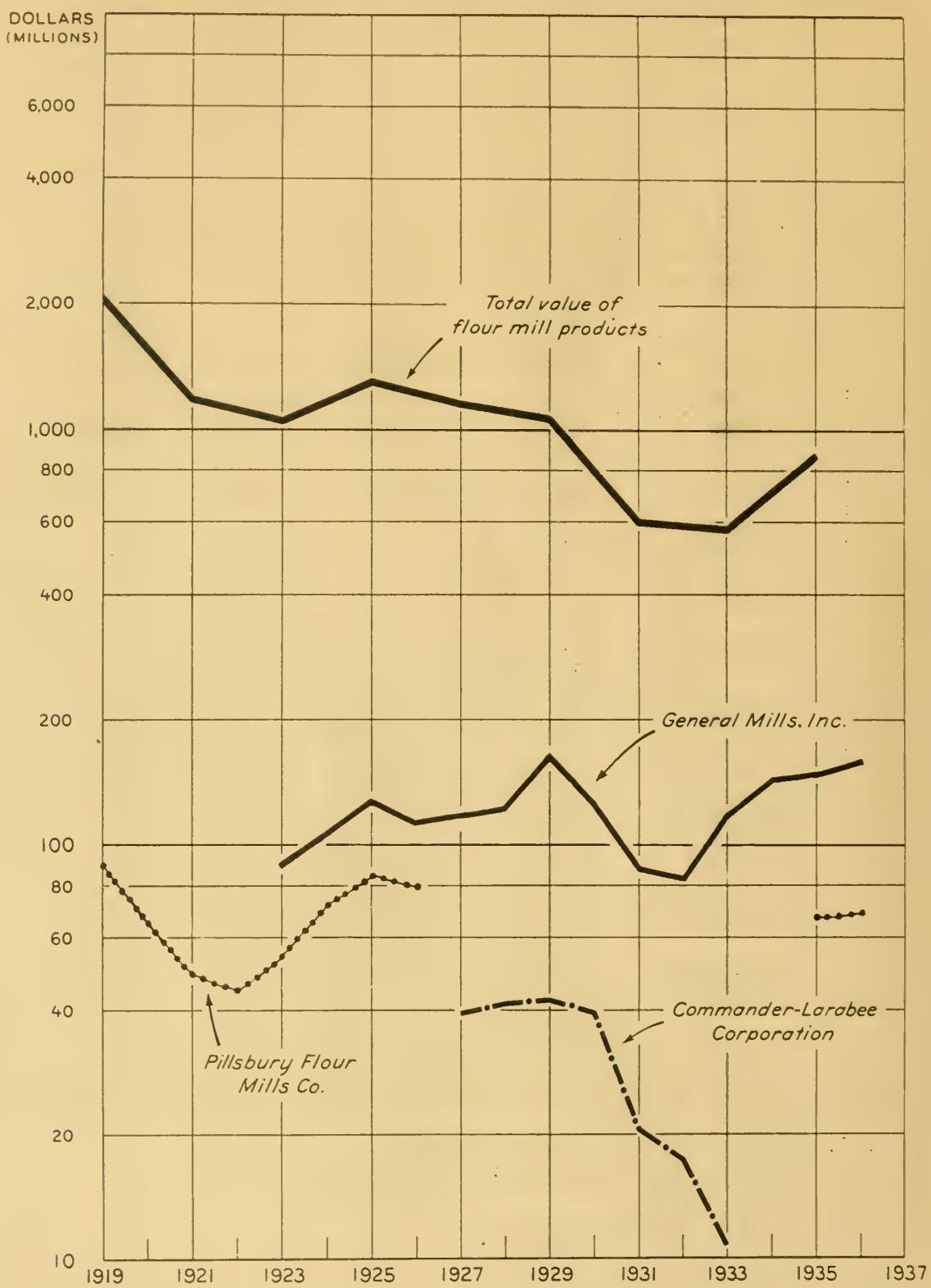
2/ U. S. Biennial Census of Manufactures.

3/ Moody's Manual of Investments: Industrials.

4/ Eight-month period.

5/ Adjusted for a twelve-month period.

SALES OF THREE LEADING FLOUR MILLING CORPORATIONS COMPARED
WITH TOTAL VALUE OF FLOUR AND OTHER GRAIN-MILL PRODUCTS



U. S. DEPARTMENT OF AGRICULTURE

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Data from table 4.

FIGURE 4

Table 4.- Sales of three leading flour milling corporations compared with total value (to manufacturer) of flour and other grain-mill products, 1919-36

Year	Total value		Sales of 2/		
	of flour	mill products 1/	General Mills, Inc. 3/	Pillsbury Flour Mills Co.	Commander-Larabee Corp.
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
	:	:	:	:	:
1919	2,052,434			90,369	
1920				64,287	
1921	1,179,740			48,402	
1922				4/ 44,450	
1923	1,048,577	38,680		53,420	
1924		105,947		70,701	
1925	1,298,015	128,469		83,256	
1926		111,614		79,954	
1927	1,148,760	115,663			39,311
1928		123,521			41,549
1929	1,060,269	163,072			42,647
1930		122,746			39,639
1931	598,041	87,166			20,472
1932		83,886			17,473
1933	574,210	118,092			10,737
1934		143,074			5/
1935	853,219	147,380		66,847	
1936		159,980		69,130	
:	:	:	:	:	:

1/ U. S. Biennial Census of Manufactures.

2/ Moody's Manual of Investments: Industrials.

3/ Figures from 1925 to 1927 are for Royal Milling Co., Washburn Crosby Co., Red Star Milling Co., Rocky Mountain Elevator Co., and Kalispell Flour Mill Co.

4/ Ten-month period.

5/ Control passed to Archer-Daniels-Midland Company. Sales of Commander-Larabee Corporation no longer published separately.

SALES OF THREE LEADING FRUIT AND VEGETABLE CANNERS AND VALUE OF CANNED AND DRIED FRUITS, VEGETABLES, JELLIES, ETC. 1919-36

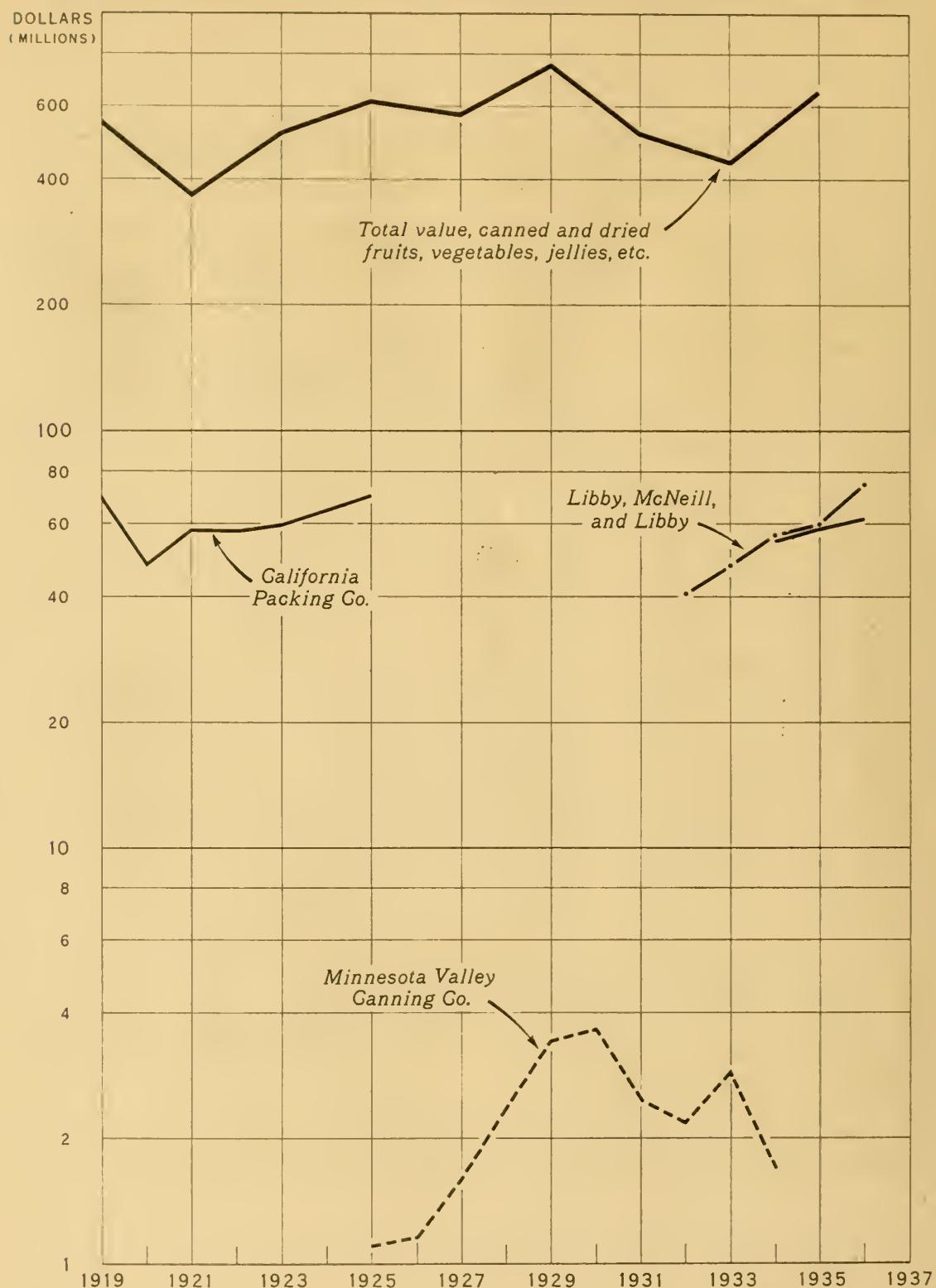


Table 5.- Sales of three leading fruit and vegetable canners compared with total value of canned and dried fruits, vegetables, jellies, etc., 1919-36

Year	Total value, canned and dried fruits, vegetables jellies, etc. 1/	Sales of - 2/		
		California Packing Company	Libby, McNeill and Libby	Minnesota Valley Canning Company
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1919	548,028	69,221		
1920		47,516		
1921	365,717	57,775		
1922		57,440		477
1923	515,316	59,635		789
1924		64,420		990
1925	616,071	69,776		1,100
1926				1,154
1927	572,346			1,591
1928				2,352
1929	750,342			3,423
1930				3,647
1931	513,001			2,476
1932		40,316		2,166
1933	439,938		47,459	2,875
1934		54,336	56,142	1,699
1935	649,644	58,188	59,876	
1936		61,750	74,392	

1/ U. S. Biennial Census of Manufactures.

2/ Moody's Manual of Investments: Industrials; also Poor's Industrials.

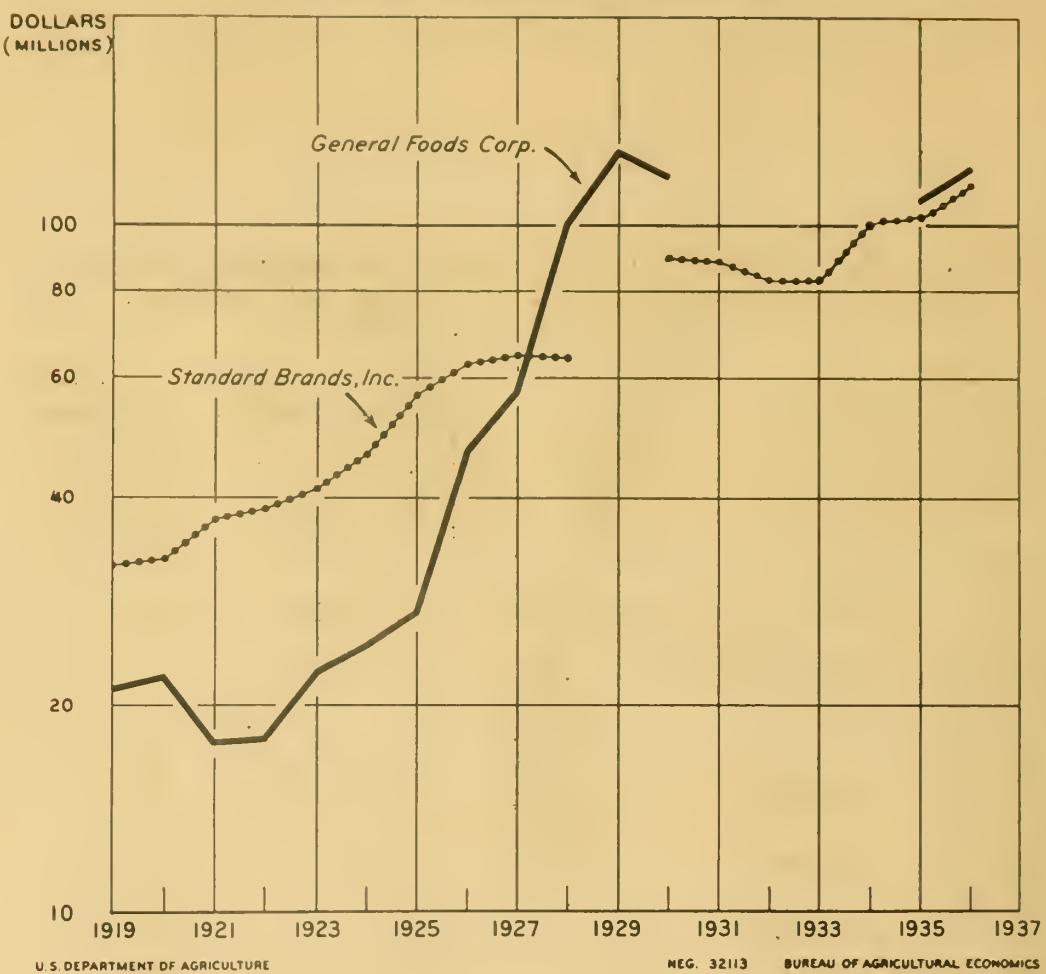
SALES OF GENERAL FOODS CORPORATION AND
STANDARD BRANDS, INC., 1919-30

FIGURE 6

Table 6.- Sales of General Foods Corporation and
Standard Brands, Inc., 1919-36

Year	Sales of - 1/		Year	Sales of - 1/	
	General	Standard		General	Standard
	Foods Corp.	Brands, Inc.		Foods Corp.	Brands, Inc.
	<u>1,000 dollars</u>	<u>1,000 dollars</u>		<u>1,000 dollars</u>	<u>1,000 dollars</u>
1919	21,046	31,952	1928	101,037	64,004
1920	21,910	32,687	1929	128,037	
1921	17,774	37,194	1930	117,464	89,760
1922	17,877	38,507	1931		88,272
1923	22,205	41,233	1932		83,535
1924	24,248	46,443	1933		83,281
1925	27,387	56,646	1934		100,449
1926	46,896	62,952	1935	109,161	102,040
1927	57,288	64,668	1936	122,462	114,976

1/ Moody's Manual of Investments: Industrials. Sales not given for dates not shown.

Table 7.- Total capitalization of leading food and tobacco corporations, by industry groups, 1920-36 1/

Year	Five food chains 2/	Four dairy companies 3/	Four meat packers 4/	Three flour millers 5/	Three fruit and vegetable canners 6/	Three baking companies 7/	Three food com- panies 8/	Miscel- laneous 9/	Four tobacco com- panies 10/	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1920				772,355						111/	65,390				
1921				791,020						111/	72,187				
1922				798,987						111/	71,439				
1923	12/	68,362		850,418						111/	74,918	71,373	228,776	338,655	
1924	12/	83,171		874,159						111/	79,281	83,513	220,939	357,904	
1925	12/	101,807		881,874						111/	85,185		232,409	386,671	
1926		125,797		887,825									244,492	407,686	
1927		146,069		883,693									258,340	424,254	
1928		192,158	13/	180,377	872,351	86,077	91,255	95,537	113,128		304,802		276,692	455,355	
1929		245,770		275,506	864,091	88,684	100,184	113,328			342,825		329,987	2,023,499	
1930		271,069		354,165	849,479	91,877	109,270	113,768			366,049		583,708	2,445,65	
1931		290,049		377,857	813,505	92,004	107,189	111,945			363,997		604,324	2,471,790	
1932		300,409		360,696	767,077	90,905	91,717	101,733			355,930		616,406	2,405,598	
1933		303,001		342,203	740,751	92,199	87,605	89,278			352,533		612,497	2,344,363	
1934		307,015		326,244	712,886	94,013	92,796	85,668			351,206		597,103	2,284,024	
1935		308,783		307,968	697,361	95,717	94,792	83,277			348,466		573,504	2,220,049	
1936		311,325		295,768	708,487	97,783	97,361	82,275			349,481		551,317	2,200,032	

1/ Total capitalization represents the sum of the outstanding stock, surplus, surplus reserves, and long term debt.
2/ Great Atlantic and Pacific Tea Co., First National Stores, Inc., Kroger Grocery and Baking Co., American Stores Co., and Safeway Stores, Inc.

3/ National Dairy Products Corporation, Borden Company, Beatrice Creamery Co., and Fairmont Creamery Co.
4/ Swift & Co., Wilson & Co., and International Milling Co.
5/ General Mills, Inc., Pillsbury Flour Mills Co., and International Milling Co.

6/ Libby, McNeill and Libby, California Packing Corporation, and Minnesota Valley Canning Co.
7/ Continental Baking Corporation, General Baking Company, and Ward Baking Corporation.

8/ General Foods Corporation, Standard Brands, Inc., National Biscuit Co., and Corn Products Refining Co.
9/ American Tobacco Co., Liggett and Myers Tobacco Co., R. J. Reynolds Tobacco Co., and P. Lorillard Co.
10/ Excluding Swift & Co.

11/ Two companies only, Minnesota Valley Canning Co. omitted.
12/ Four companies only, Safeway Stores, Inc. omitted.

13/ Three companies only, Fairmont Creamery Co. omitted.

Table 8.—Earnings of leading food and tobacco corporations,
by industry groups, 1921-36 1/

Year	Four			Three			Four			Miscel-			Total		
	Five food chains	Four dairy companies	meat packers	Three flour millers	fruit and vegetable canners 3/	baking companies	lanous food companies	tobacco companies	Four tobacco corporations	lanous food companies	tobacco corporations	lanous food companies	tobacco corporations	lanous food companies	tobacco corporations
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	
1921															
1922															
1923															
1924															
1925															
1926	32,346	21,953	32,621	11,578	8,568	7,719	62,137	73,463	71,357	54,774	58,930	58,501	64,716	58,930	58,501
1927	36,767	23,319	18,324	12,875	5,411	9,411	64,339	76,928	70,434	80,165	300,262	343,01	343,01	343,01	343,01
1928	45,881	32,482	31,007	9,405	19,070	19,842	79,388	89,471	78,500	108,245	349,352	349,352	349,352	349,352	349,352
1929	52,524	50,551	29,894	9,438	3,683	15,576	70,462	114,028	70,462	114,028	292,340	292,340	292,340	292,340	292,340
1930	52,668	57,445	42,550	9,373	7,161	13,572	70,462	114,028	56,546	107,359	245,757	245,757	245,757	245,757	245,757
1931	54,698	48,597	1/ -2,396	7,446	7,446	7,446	7/	7/	9,671	9,055	58,110	60,295	60,295	60,295	60,295
1932	44,185	25,686	2,091	2,091	2,091	2,091	8,219	8,007	6,212	52,017	70,813	227,263	227,263	227,263	227,263
1933	43,448	16,641	35,877	16,641	16,641	16,641	7,352	5,824	6,119	49,101	70,297	210,679	210,679	210,679	210,679
1934	36,025	18,582	44,852	44,852	44,852	44,852	9,019	6,272	9,674	60,987	19,321	261,602	261,602	261,602	261,602
1935	34,635	21,230	47,746	21,230	21,230	21,230	7,520	6,119	9,674	60,987	19,321	261,602	261,602	261,602	261,602
1936	35,919	29,658	39,818	29,658	29,658	29,658	9,749	9,617	9,674	60,987	19,321	261,602	261,602	261,602	261,602

1/ Explanation: The companies in each group are the same as those in the corresponding group of table 7. Unless otherwise indicated, their earnings as shown in this table represent the amount of money available for interest, federal income taxes and stock dividends.

2/ Prior to 1930, the earnings of Swift and Co. have been omitted because the figures were not obtainable on a basis comparable with that of later years. Therefore the aggregate earnings of the four packers since 1930 cannot be compared with the earnings of the three companies shown for the previous years.

3/ In the case of Liooy, McNeill & Listy, the earnings represent the balance for dividends only, rather than the amount available for interest, taxes, and dividends.

4/ In the case of two of the companies, the earnings represent the balance for dividends only. Excluding Swift & Co. For three companies only, Fairmont Creamery Co. omitted. Indicates deficit.

Table 9.- Rate of return on invested capital for processors
and distributors of agricultural products, as found
by the Federal Trade Commission, 1929-35 1/

Year	Six chain grocers	Ten dairy companies	Eleven packers	Eleven flour millers	Four whole-sale baking companies	Fourteen tobacco companies
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
1929	23.24	15.66	5.56	11.36	15.71	15.48
:						
1930	19.86	14.16	5.11	8.38	11.80	17.13
:						
1931	19.73	12.29	.96	6.71	9.45	18.23
:						
1932	17.03	6.34	.74	5.19	6.53	18.63
:						
1933	16.51	4.39	6.67	6.65	5.64	10.23
:						
1934	13.58	5.14	6.86	7.96	4.88	14.35
:						
1935	12.48			8.15	4.87	
:						

Source: Federal Trade Commission Report on Agricultural Income Inquiry
Principal Farm Products, Volume III, Chapters 1 and 2, page 200.
(Unpublished.)

1/ Changes in these figures from year to year compare very closely with
those shown in table 10.

EARNINGS OF LEADING FOOD AND TOBACCO CORPORATIONS
EXPRESSED AS PERCENTAGES OF THEIR CAPITALIZATION, 1925-36

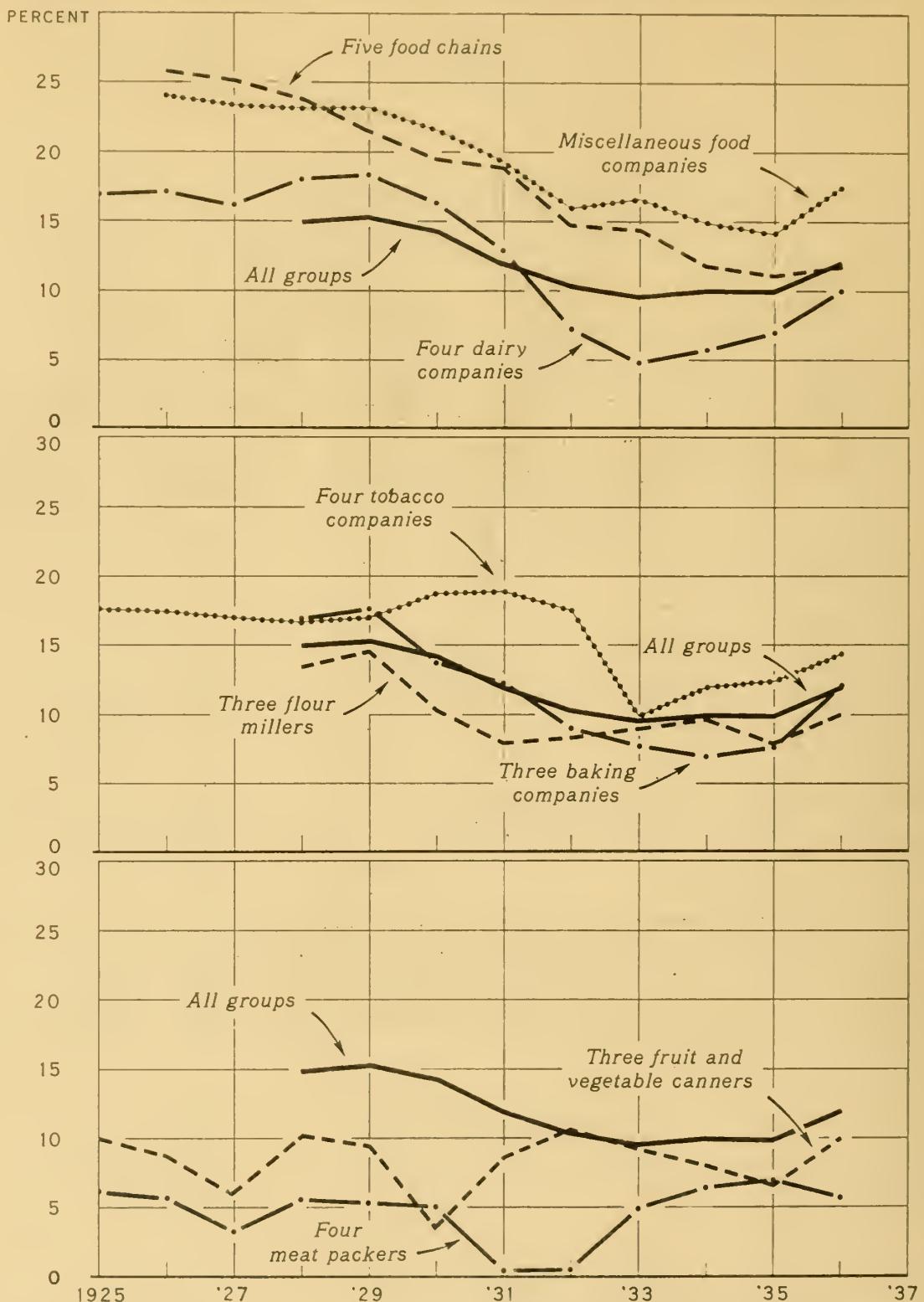


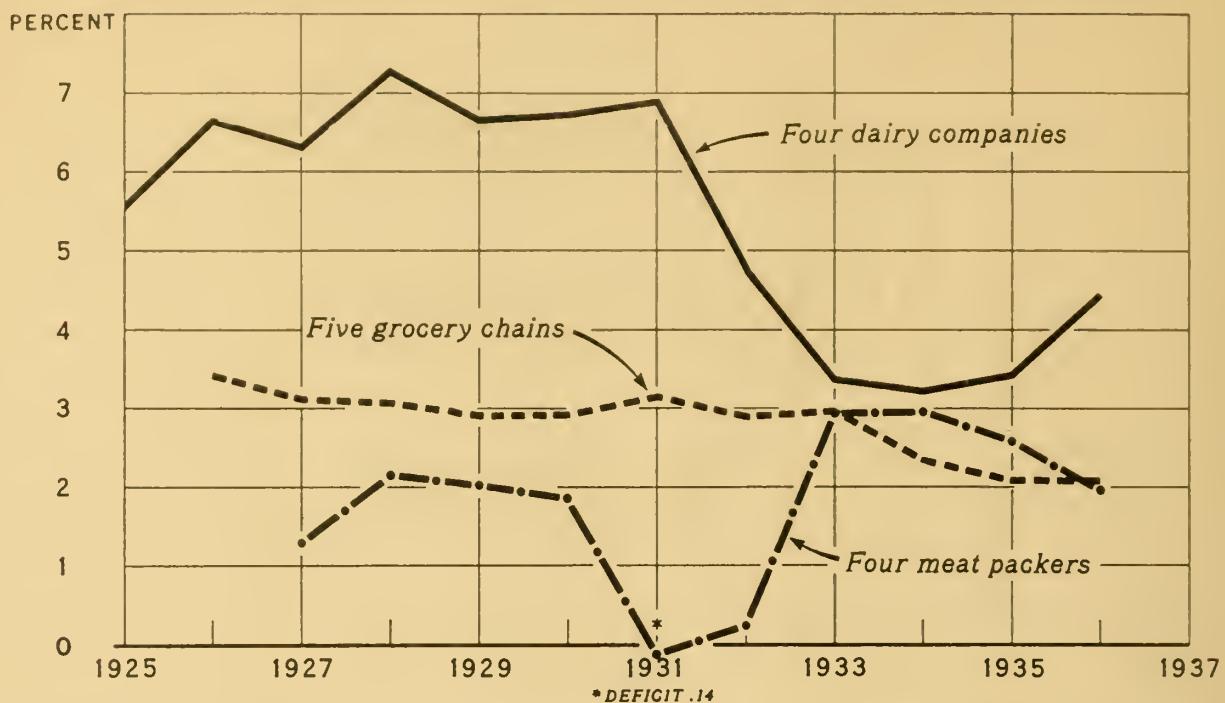
Table 10.—Earnings of leading food and tobacco corporations expressed as percentages of their capitalization, 1925-36 1/

Year	Five food chains	Five	Four dairy companies:	Four meat: packers 2/	Three flour millers	Three and vegeta- ble canners	Three fruit: baking companies	Three Miscella- neous food: oil canners companies	Four tobacco: companies	All corpor- ations
		Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1925	16.86	6.12	10.06	24.05	17.50					
1926	25.71	17.05	5.63	8.76	17.32					
1927	25.17	16.10	3.19	5.93	23.25					
1928	23.88	18.01	5.46	13.45	16.86	16.60	14.84			
1929	21.37	18.35	5.28	14.50	9.42	17.51	23.16	16.88	15.20	
1930	19.43	16.22	5.01	10.21	3.37	13.69	21.45	18.65	14.28	
1931	18.86	12.86	3/ - .29	7.78	3/ - 8.55	12.12	19.36	18.87	11.83	
1932	14.71	7.12	.39	8.19	3/ - 10.54	8.90	15.69	17.42	10.22	
1933	14.34	4.86	4.84	8.91	9.14	7.58	16.48	9.84	9.48	
1934	11.73	5.70	6.29	9.59	7.92	6.87	14.81	11.86	9.95	
1935	11.02	6.89	6.85	7.86	6.46	7.53	14.09	12.26	9.89	
1936	11.54	10.03	5.62	9.97	9.88	12.00	17.45	14.39	11.89	

1/ Explanations: The percentages in this table were computed by dividing the earnings of the companies in each industry group (table 8) by their total capitalization (table 7).

2/ Swift & Co. excluded in the years prior to 1930.

3/ Indicates deficit.

PROFIT MARGINS OF LEADING GROCERY CHAINS,
DAIRY COMPANIES, AND MEAT PACKERS, 1925-36

U. S. DEPARTMENT OF AGRICULTURE

NEG. 34067

BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 8

Table 11.— Profit margins of leading grocery chains, dairy companies, and meat packers, 1925-36 1/

Year	Earnings as percent of sales		
	Five grocery chains 2/	Four dairy companies 3/	Four meat packers 4/
	Percent	Percent	Percent
1925		5.54	
1926	3.42	6.63	
1927	3.12	6.30	1.29
1928	3.07	7.27	2.14
1929	2.91	6.65	2.02
1930	2.92	6.72	1.85
1931	3.14	6.89	5/ -.14
1932	2.90	4.75	.23
1933	2.97	3.36	2.95
1934	2.35	3.21	2.96
1935	2.09	3.42	2.58
1936	2.08	4.40	1.96

1/ The profit margins have been computed by dividing the earnings of the corporations as shown in table 8 by their dollar sales.

2/ Great Atlantic & Pacific Tea Co., First National Stores, Inc., Kroger Grocery & Baking Co., Safeway Stores, Inc., and American Stores Co.

3/ National Dairy Products Corporation, Borden Co., Beatrice Creamery Co., and Fairmont Creamery Co. (Del.)

4/ Swift & Co., Armour & Co., Wilson & Co., and Cudahy Packing Co. Swift & Co. excluded prior to 1930.

5/ Indicates deficit.

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